

BUSINESS LINE: FINANCIAL MANAGEMENT

		FY 2002 Enacted	Uncontrollable Costs	Program Change	FY 2003 Request	Difference from FY 02
Regulation & Technology **	\$\$\$	477	8	0	485	8
	FTE	4	0	0	4	0
Abandoned Mine Land	\$\$\$	6,070	109	0	6,179	109
	FTE	58	0	0	58	0
TOTAL	\$\$\$	6,547	117	0	6,664	117
	FTE	62	0	0	62	0

These amounts do not reflect the Administration's proposal to include the cost of CSRS/FEHB in this Budget. For FY 2003, the estimated amount for this business line is \$409.

Operational Processes (Program Activities): OSM carries out its program financial management responsibilities through three activities: fee compliance, revenue management, and grants management. This business line does not include administrative accounting or reporting for appropriated funds.

FINANCIAL MANAGEMENT ENCOMPASSES

<p><i>Fee Compliance</i></p> <ul style="list-style-type: none"> • <i>Company Reporting</i> • <i>Collection</i> • <i>Accounting</i> • <i>Audits</i> • <i>Investment of AML fees</i> • <i>Compliance Assistance to Operators</i> • <i>Regulatory and Policy Development on Fee compliance issues</i> <p style="text-align: center; padding: 10px 0 10px 40px;"><i>Revenue Management</i></p> <ul style="list-style-type: none"> • <i>Accounting and collection of revenue other than AML fees</i> <i>(e.g. civil penalties and Federal performance bonds)</i> <p style="text-align: center; padding: 10px 0 10px 40px;"><i>Grants Management</i></p>
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Fee compliance covers the company reporting, collection, accounting, audit, and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.

Grants management includes accounting for and reporting on grants awarded to States and Tribes for AML and regulatory purposes.

Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties

assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

Strategic Outcome: Accurate and timely accounting for program financial transactions, maximization of revenue for the restoration and protection of the environment, and prompt financial services to States, Tribes, and industry.

Indicator Measure(s): Performance will be measured by the Office of Inspector General financial statement audit opinion for fee compliance, revenue management, grants financial services, and the fee compliance rate for operators reporting coal tonnage.

Table 15: Strategic Goals and FY 2003 Measures	2001 Actuals	2002 Enacted	2003 Estimate
<p><i>Through 2005, OSM will maintain a 99 percent AML reclamation fee collection rate on fees due during the year. OSM will also attain a 93 percent on-time reporting and payment compliance rate by coal operators. While some non-payments and non-reporting will probably always be present due to such factors as errors and financial difficulties, OSM will work to minimize these problems and measure the level of collections and on-time reporting.</i></p> <ul style="list-style-type: none"> • OSM will maintain a 99% fee collection rate as measured by the percent of fees due that are collected (indicates success in generating funds for reclamation – total collections shown in \$ millions). • OSM will attain a 93 % initial compliance rate as measured by the percentage of permits that report and pay on time. 	<p>99.78% \$284m</p>	<p>99% \$285m</p>	<p>99% \$292m</p>
<p><i>Through 2005, OSM’s annual financial statements will be free of any material weaknesses regarding fee compliance, revenue, and grants financial services as determined by the Office of the Inspector General.</i></p> <ul style="list-style-type: none"> • In FY 2003, OSM will have no material weaknesses in any of OSM’s annual financial statements as determined by the Office of the Inspector General. 	<p>92.28%</p>	<p>93%</p>	<p>93%</p>
<p><i>Through 2005, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received.</i></p> <ul style="list-style-type: none"> • In FY 2003, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received. 	<p>100</p>	<p>100</p>	<p>100</p>
<p><i>Through 2005, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received.</i></p> <ul style="list-style-type: none"> • In FY 2003, OSM will process requests for grant payments within one day, 99 percent of the time by measuring the total days to process requests compared to number of requests received. 	<p>99%</p>	<p>99%</p>	<p>99%</p>
<p><i>Through 2005, OSM will conduct customer surveys to determine accuracy, timeliness and overall satisfaction of grants financial management.</i></p> <p>OSM will attain a 95% customer service rating for overall satisfaction in grants financial management.</p>	<p>90%</p>	<p>95%</p>	<p>95%</p>

Data Verification and Validation for Measure: OSM has various internal controls and system capabilities to assure accurate and timely reporting of data. Additionally, the data and measures for this business line are subject to audit annually by the Department of the Interior's Office of the Inspector General.

Actions Required to Achieve Annual Goals: OSM will use technology to increase compliance and improve processing of collections. This includes using the Internet to ease the coal companies' reporting burden and electronic file transfer to receive quarterly coal production reports, provide information to companies, and allow companies to make payments on-line. OSM will continue to use new and streamlined collection services as they become available and will work with customers and stakeholder to ensure fair and consistent policies.

In accordance with guidelines established by the Chief Financial Officer's Council, OSM is converting to a new grant disbursement system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer Service. OSM has over 174 grants and cooperative agreements with the States and Tribes, accounting for over \$259 million.

Resources, Skills, and Technology Needed: To support program activities and to ensure that operators continue to support the surface mining program by paying appropriate fees, OSM plans to maintain a highly trained cadre of fee compliance auditors, program accountants, and financial systems personnel. Training will continue so that financial management personnel maintain a high level of skill and technical expertise. OSM will also continue to use contractors to handle billing, data entry and appropriate collection functions.

OSM must continually maintain and enhance the program financial data systems to ensure that an effective, efficient, and accurate financial and accounting operation remains in effect. The most significant of these systems is the Fee Billing and Collection System (FEEBACS). The system is at the end of its effective life cycle and must be re-designed. OSM issued a contract in FY 2001 to determine the most effective design and development approach for the new system.

In FY 2003, the President's Budget requests \$6 million for the Fee Compliance Program activity; \$394,000 for the Revenue Management program activity; and \$175,000 for the Grants Financial Management program activity to meet the annual goals discussed above.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures.

Table 16 – Justification of Program and Performance
Financial Management
 Summary Increases/Decreases for FY 2003
(Dollars in Thousands)

Program Activity		Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
		2002	2003	2002	2003	2002	2003	
Fee Compliance	\$\$\$	0	0	5,988	6,095	5,988	6,095	107
	FTE	0	0	57	57	57	57	0
Revenue Management	\$\$\$	388	394	0	0	388	394	6
	FTE	3	3	0	0	3	3	0
Grants Financial Management	\$\$\$	89	91	82	84	171	175	4
	FTE	1	1	1	1	2	2	0
TOTAL	\$\$\$	477	485	6,070	6,179	6,547	6,664	117
	FTE	4	4	58	58	62	62	0

These amounts do not reflect the Administration's proposal to include the cost of CSRS/FEHB in this Budget. For FY 2003, the estimated amount for this business line is \$409.

ONGOING PROGRAM

1. Fee Compliance

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2001, the program achieved a 99.78 percent collection rate resulting in \$284 million in total collections. The program achieved a 92.28 percent compliance rate for operators filing their tonnage reports on time. After working closely with the industry, almost all of the required reports were filed. OSM's goal is to increase the initial on-time reporting level to reduce the follow-up effort that is currently required. In terms of efficiency, the total direct program cost was less than two percent of the amount collected. The Office of Inspector General's last report on the program concluded it was operated efficiently, effectively. The emphasis on efficiency has enabled OSM to reduce program staffing to the level necessary to maintain the revenue stream.

Since the inception of the AML Fund through FY 2001, OSM has collected \$5.5 billion. The Abandoned Mine Land Reclamation Act of 1990 required OSM to invest the unappropriated balance of the Fund in U.S. Treasury issued public debt securities after October 1, 1991. This has generated interest of over \$669.9 million through FY 2001, of which \$574 million has been transferred to the United Mine Workers Combined Benefit Fund, as of January 1, 2002, as required by law. The responsibility for making daily investments, and accounting for and reporting of the resulting earnings, has required a growing amount of OSM resources. Table 19 details the actual and projected annual collections and earnings of the AML Fund. During FY 2003, OSM plans to achieve or exceed the following goals:

- Collect over 99 percent of the reclamation fees due; and
- Ensure that 93 percent of permit holders report and pay on time.

The Fee Compliance Program is comprised of two highly integrated components, -- collections and audits -- that work hand-in-hand to maximize compliance, minimize the burden on industry, and ensure the efficient use of resources. Together these two components provide a wide range of services to a variety of internal and external customers. These components are further described as follows:

a. AML Fee Collection

The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2001, OSM collected 99.78 percent of the AML Fees due during the year. Total AML Fee collections were \$284 million.

To assist in managing AML Fee collections, OSM utilizes the Fee Billing Accounting and Collection System (FEEBACS). This computerized system provides subsidiary accounts

receivable and management information needed to manage the fee compliance program. FEEBACS is integrated with the Applicant Violator System to track new permits from initial permitting through fee reporting. AML fee payments are tracked by permit number of producing coal companies for each quarter of the year. In addition, the system issues quarterly OSM-1 coal reclamation fee reports for industry coal sale reporting and fee computation. The package includes all data available on potentially producing permits to simplify the reporting requirements by industry. The forms are pre-printed and mailed to the companies to facilitate tonnage reporting and fee payment. Beginning in 2001, companies could elect to report over the Internet, using the E-filing system described below. The FEEBACS system is a critical part of the Fee Compliance program.

Payment of AML fees is due thirty days after the end of each calendar quarter. Companies either mail their OSM-1 forms and payments to a lockbox operated by a commercial bank or they pay fees by electronic fund transfer from their local bank to Treasury. OSM-1 Reports covering over 3,300 permits are processed each quarter. Unless paid timely, the amount due is subject to penalties, interest, and administrative costs in accordance with the Debt Collection Improvement Act of 1996.

OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. Companies tested the system in January 2001 and the comments were very positive. Currently, over 140 companies use the system to file their quarterly reports. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported.

The E-filing system was cited as an outstanding process improvement by the Denver Federal Executive Board and was given their 2001 Excellence in Government Award. During FY 2002, the system will be enhanced to allow companies to make payment online, using the Treasury Department's PayGov payment method.

During FY 2003, OSM plans to continue promoting the use of E-filing and online payment by companies.

b. AML Fee Audit

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the audit program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments.

The audit staff is strategically located in field offices in most of the coal-producing areas, which is instrumental in providing direct service to coal operators. To ensure quality, all work is carried out in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The continuing professional education and training of OSM's auditing staff is emphasized in accordance with those standards.

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors conducted more than 200 on-site reviews of coal companies' records in FY 2001. Beyond the deterrent effect, this provides an opportunity to assist industry on accounting and reporting matters. For example, when instances of non-compliance are identified, the auditors explain each issue and how similar occurrences can be avoided in the future.

Auditors also provide several other services necessary to achieve a high level of compliance, including the following:

- *Examining all permit transactions recorded by regulatory authorities:* The audit staff reviews all newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees. By continuing these efforts, the program has greater assurance that all producing permits are identified in a timely manner, and operators are informed of their reporting and payment responsibilities.
- *Examining mining permits and other operator-reported data:* Discrepancies are communicated to the accounting and collection team to assure quality control. The 1990 SMCRA amendments added several items, which operators are required to report, such as the shipping points and customers. The auditors are required to verify this data as well as the tonnage for completeness and accuracy.
- *Providing an audit appeal process to resolve disputed audit findings:* OSM instituted this process to provide an administrative means to resolve disagreements on additional fees owned. It has provided a mechanism to avoid costly litigation, and is regarded by all as good customer service.
- *Identifying refunds for operators who have overpaid:* OSM's mandate is to ensure tonnage is accurately reported. Refunds can result from over reporting of tonnage discovered through audits and operators submitting refund claims that must be verified.
- *Developing necessary revisions to the fee requirements:* Periodically governing regulations and policies must be adapted to changes in the industry. The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees.
- *Verifying claims for fee exemption under the provisions in the regulations:* There are several categories of coal removal not subject to fees. These claims must be validated. A record review is necessary because of the various requirements that must be met.
- *Coordinating efforts to assist operators on fee-related matters:* The operators have a working relationship with OSM auditors, the first line of OSM presence, which many operators encounter on a recurring basis. Calls are regularly received by the audit field

offices for assistance, most commonly in filing tonnage reports and calculating fees. To provide operators the information they need to comply; the auditor first contacted coordinates these inquiries. It is OSM's intent to continue working with operators to address issues relating to all aspects of the fee program.

Another important benefit of the audit program is that all audit results are routinely provided to the Internal Revenue Service, which is responsible for administering Federal coal excise taxes. Revenue from that tax is designated for the Black Lung Disability Trust Fund. OSM audit results have helped significantly in identifying companies that have underpaid excise taxes.

In FY 2002, the audit group received the Office of Personnel Management's PILLAR (Performance Incentives and Leadership Linked to Achieve Results) Award. This award is given annually to two federal programs with demonstrated success in performance management.

In FY 2003 and beyond, OSM will continue to ensure the fee compliance program is adapted as needed to changes in the industry, and undertake other initiatives to allow the program to remain efficient and effective. These activities will include:

- *Working with the States.* Because the state regulatory authorities and the fee compliance auditors have the most direct contact with coal operators, it is vital that information is shared and additional methods explored for ways to reduce the burden on the industry.
- *Focusing on audit frequency.* Coal companies have requested more frequent audits to reduce their record-keeping burden. This also helps to minimize any interest and penalty charges that may accrue as a result of errors in reporting.
- *Conducting outreach sessions with industry and other stakeholders.* This activity helps ensure operators have the information needed to comply, and maximizes communications and coordination for keeping the program successful.

**Table 17-Actual and Estimated Deposits to the AML fund
AML Production Fees, Investment Earnings, and Associated Fees**
(Production in millions of tons)
(Dollars in Millions)

	2001 “Actuals”	2001 Projections <i>(as submitted in FY 2001)</i>		2002 Projections		2003 Projections		2004 Projections	
		<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>
Production *		<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>	<i>DOE</i>	<i>OSM</i>
Underground	390	432	400	386	403	393	410	400	417
Surface	638	609	601	655	636	673	654	687	668
Lignite	83	89	86	100	88	96	84	97	84
AML Fees **	\$284.0	\$275.5		\$285.2		\$292.2		\$298.1	
Investment	\$103.5	\$102.1		\$47.6		\$60.7		\$78.0	
Total	\$387.5	\$377.6		\$332.8		\$352.9		\$376.1	

**DOE Production is based on the Department of Energy (DOE) “Annual Energy Outlook 2001, OSM Case”. OSM tonnage uses the last reported production (Fiscal Year 2001) and then increases or decreases based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

***AML Fees are calculated based on the OSM tonnage estimates multiplied by the applicable fee rate: \$.15, \$.35, and \$.10 for underground, surface, and lignite, respectively. This calculation is then adjusted for moisture content, reduced coal prices and fees, administrative fees and uncollectible fee estimates.*

Table 18 – Summary Status of Abandoned Mine Reclamation Fund
(Dollars in Thousands)

Fiscal Year	Receipts & Interest Income			Appropriations			Unappropriated AML Fund Balance
	Amount	Interest Earned	Cumulative	Amount	Transfer To UMWA	Cumulative	
1978	105,444		105,444	36,647		36,647	68,797
1979	184,433		289,877	61,451		98,098	191,779
1980	199,000		488,877	94,843		192,941	295,936
1981	192,657		681,534	82,485		275,426	406,108
1982	222,644		904,178	115,333		390,759	513,419
1983	197,196		1,101,374	213,079		603,838	497,536
1984	216,554		1,317,928	271,228		875,066	442,862
1985	226,426		1,544,354	296,941		1,172,007	372,347
1986	219,162		1,763,516	197,277		1,369,284	394,232
1987	215,304		1,978,820	203,720		1,573,004	405,816
1988	229,890		2,208,710	199,380 ¹		1,772,384	436,326
1989	235,493		2,444,203	193,160		1,965,544	478,659
1990	243,519		2,687,722	192,772		2,158,316	529,406
1991	243,761		2,931,483	198,955		2,357,271	574,212
1992	241,954	39,328	3,212,765	187,803		2,545,074	667,691
1993	238,153	30,633	3,481,551	187,930		2,733,004	748,547
1994	244,296	40,090	3,765,937	190,107 ²		2,923,111	842,826
1995	255,416	61,730	4,083,083	182,386		3,105,497	977,586
1996	256,451	69,383	4,408,917	173,887	47,184	3,326,568	1,082,349
1997	266,783	81,006	4,756,706	177,085	31,374	3,535,027	1,221,679
1998	273,039	67,031	5,096,776	177,624 ³	32,562	3,745,213	1,351,563
1999	276,674	82,831	5,456,281	185,392	81,766	4,012,371	1,443,910
2000	274,297	94,370	5,824,948	195,873	108,959 ⁴	4,317,203	1,507,745
2001	284,044	103,496	6,212,488	215,038	181,845 ⁵	4,714,086	1,498,402
2002	285,179	47,626	6,545,293	203,455	90,278 ⁶	5,007,819	1,537,474
2003	292,196	60,733	6,898,222	174,300	70,000	5,252,119	1,646,103

/1 Total does not include \$7M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/2 Total includes \$7.2 M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/3 Total does not include \$3.2M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/4 Total includes one-time \$68M emergency appropriation, as well as the annual appropriation of \$41m.

/5 Total includes annual amount of \$102.9M, as well as \$78.9M of the one-time \$96.7M mandated under PL 106-291.

/6 Total includes annual amount of \$113.6M, less \$23.3M returned by UMWACBF as mandated under PL 106-291.

The FY 2002-2003 receipt figures and interest earnings are projections. Beginning in FY 1992, SMCRA was amended to allow the AML Fund to be invested. The Energy Policy Act of 1992 provided that funds from the interest earned could be transferred to the United Mine Workers of America Combined Benefit Fund.

2. Grants Financial Management

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under the Environmental Restoration and Environmental Protection business lines. Grants represent the majority of OSM's budget and fund the protection and restoration of land, water, and structures. The grants financial management activity includes the disbursement, accounting, reporting and recovery of grant funds. It also includes the computer systems used to support these functions.

After grants are issued, the grant disbursement system allows States and Tribes to request funds and receive payment within one day. The grants tracking system allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the Grants Information Financial Tracking System (GIFTS) to establish a grant account balance. As States and tribes need funds, they submit a drawdown request for funds through OSM's on-line Draw-Down Express system. The Draw-Down Express System automatically checks GIFTS to assure that funds are available. If funds are available, the system approves the disbursement and a payment is issued. GIFTS is updated as payments are made. As States and Tribes spend the grant funds they have received, they submit cost reports, which are entered into the system. GIFTS gives OSM grant specialists and States and tribes on-line reports, which show the status of grant funds.

During FY 2002, OSM plans to migrate its payment processes to a Government Grant Payment System replacing the present Draw-Down Express System. This is required of all government agencies that made grant payments. OSM will continue to work with the States and tribe to make sure that their grants management needs are met. During FY 2003, OSM plans to meet or exceed the following measures:

- 99 percent of grant payment requests will be processed within one day; and
- 95 percent of States and tribes will rate our services as satisfactory or better.

The Table on the following page details the AML Unappropriated Balance as of December 31, 2001, by a description of its allocation.

Office of Surface Mining Reclamation and Enforcement

**Office of Surface Mining
AML Unappropriated Balance
December 31, 2001**

Total Funds to be Allocated: \$1,297,325,800.74

Description of Allocation	Balance as of 10/02/01 1/	LESS: 2002 Appropriation 6/	LESS: 2002 /5 UMWA Trans.	Post Appr. & Trans. Balance	Investment Int. 10/02/00-12/31/2001	Collections for 10/02/00-12/31/2001	Balance As of 12/31/2001
Ramp Allocation	\$280,550,798		(\$18,055,572)	\$262,495,226	\$3,622,165	(\$8,182,894)	\$257,934,497
Federal Expense 2/	\$137,924,795	(\$59,970,000)	(\$36,111,144)	\$41,843,652	\$7,244,331	(\$16,365,788)	\$32,722,194
Historical Coal 3/	\$198,141,324	(\$64,568,250)	(\$36,111,144)	\$97,461,930	\$7,244,331	(\$16,365,788)	\$88,340,473
Total Fed Share 1/ & 4/	\$616,616,917	(\$124,538,250)	(\$90,277,859)	\$401,800,808	\$18,110,826	(\$40,914,470)	\$378,997,164
Total State Share	\$881,611,443	(\$78,916,750)	\$0	\$802,694,693	\$0	\$115,633,944	\$918,328,637
Total	\$1,498,228,360	(\$203,455,000)	(\$90,277,859)	\$1,204,495,501	\$18,110,826	\$74,719,474	\$1,297,325,801

1/ With P.L. 106-291, Congress authorized a transfer to the United Mine Workers Combined Benefit Fund using interest earned in FY 1992-1995. \$78,901,536.83 (net of \$173,996.17, a Congressionally reduced appropriation, subsequently restored) was transferred under this law.

2/ The Federal Expense Distribution was calculated using 2001 distribution levels.

3/ The Historical Coal Distribution was calculated using 2001 distribution levels.

4/ This amount includes interest income received of \$39,328,466.11 prior to 10/01/92. Per Congressional appropriation language, OSM used \$7,000,000 of that leaving remaining interest earned of \$32,328,486.11. The remaining balance of investment earnings in all years after all transfers is \$107,040,829.57.

5/ \$113,606,256.60 is the amount transferred at the beginning of FY 2001 to the United Mine Workers Benefit Fund for estimated expenses in FY 2001 and for adjustments to actual expenditures in FY 1996, FY 1997, FY 1998, FY 1999, FY 2000 and FY 2001. \$79,075,533 was transferred pursuant to P.L. 106-291.

3. Revenue Management

The Revenue Management activity involves managing a variety of non-fee revenues and receivables that come from the agency's operations. These include the following:

- Federal civil penalties issued for mining violations. The total outstanding balance of open civil penalty cases was \$336,551 at the end of FY 2001, including interest and late charges. New civil penalties recorded in FY 2001 totaled \$93,060.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

Civil penalty collections are used to reclaim post-SMCRA mine sites. To maximize the collection rate on civil penalties, OSM uses all of the debt collection tools available. These tools include demand letters, personal contact with the debtor, use of payment plans, referral to private collection agencies or the Department of Treasury, litigation through the Solicitor's Office, and referral to the Department of Treasury for payment offset. Additionally, delinquent civil penalties are reported to the Applicant Violator System so that violators and debtors do not obtain permits to mine coal until the outstanding debt and violations have been resolved. These are the same tools used in the AML Fee collection program. However, because the majority of the companies that incur AML Fees are viable, the collection rate for AML Fees is higher than the collection rate for civil penalties.

During 2002-2003 OSM plans to continue to refer civil penalty debt that is more than 180 days delinquent to the Department of Treasury for collection, in accordance with the Debt Collection Improvement Act of 1996. OSM has a memorandum of understanding with the Department of Treasury whereby they will provide collection services on debts over 180 days delinquent. During FY 2001, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

Bond forfeitures on federally permitted lands are used to reclaim mine sites when a company fails to perform reclamation. It is a positive indicator that bond forfeitures have declined over the past three years.

Justification of Program Changes:

Financial Management	FY 2003 Budget Request	Program Changes (+/-)
\$(000)	6,664	0
FTE	62	0
